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a magazine for marketers

VOLUME 3

ISSUE 2

MAY 2007



MAKEUP? HAIRSPRAY? For this I became editor of *Deliver*?

Believe me, I'm excited to be taking the reins of the magazine and its recently launched Web site (delivermagazine.com — go there, you'll love it); it's just that no one warned me about the photo shoots. I had no idea that our first meeting would be, well, so "up close and personal."

It seems that everything in marketing is getting to be a little more personal these days. Corporations are beginning to understand that getting intimate with their customers is an effective way to break through and make a memorable impact.

That's especially true for Montage Graphics, the winner of our *Deliver*® Top Picks contest (p. 6), which used personalization in a really compelling way to connect with office administrators for a B-to-B client. Their groundbreaking use of the latest print technology resulted in a DM piece that had a 50-percent response rate.

Talking of personalization, this issue features one of print's biggest (and I use the word advisedly) evangelists. As chief marketing officer of Kodak's Graphic Communications Group, Jeff Hayzlett is on a mission to convince the marketing community that the 'print experience' is irreplaceable even in an increasingly digital world, and that new personalization and customization capabilities are revolutionizing the industry.

As we well know, personalization is a highly effective way to show the ever-more-elusive customer that "we know who you are and you're important to us." So look for your mail to get more personal in the future.

Now, if you'll excuse me, I'm ready for my close-up, Mr. DeMille.

PHOTOGRAPH BY ROY RITCHIE



10



16



22

VOLUME 3
ISSUE 2
MAY
2007

CONTENTS

02 EDITOR'S LETTER

30 LAST WORD

04 Getting Personal

Montage Graphics got touchy with thousands of administrative assistants — and won our Top Picks contest as a result. We check out their state-of-the-art personalization technique as well as other innovative marketing strategies that got tremendous response.

10 Keeping It Real

WIRED Magazine editor-in-chief Chris Anderson offers up his unique perspective on the Internet revolution and how it's forcing marketers to rethink how they get their message out.

14 Putting the Pieces Together

Jigsaw proves that there's a link between online community-generated content and direct mail. All we need to do is find the prospects, then bring our messages to them.

16 Personal Touch

Kodak shows how marketers use printing technology to make their mailings more personal. The result? Better results.

18 Driving Foot Traffic

The Container Store has found myriad ways to get in consumers' faces — and get them into their store. How? By using all the media channels available to them.

22 Do You Know Stacy?

What do you call an unusually personal direct marketing campaign that not only builds awareness, but inspires a new community? Apparently, it's called "Stacy."

26 Driving Sales Online

Nissan is taking its money out of regular media and broadcast and putting it into mobile, online search and games. Why? It's working.

COVER ILLUSTRATION BY
TYSON MANGELSDORF





Our Top Picks grand prize winner shows us the meaning of customization

Photograph by Holly Lindem



ast year, an innovative direct marketing campaign got really personal with thousands of administrative assistants. So personal, that 20 percent of them let the mailer treat them to a cup of coffee. In fact, the latte-loving direct mail recipients sent Montage Graphics to the top of a heap of contestants vying for first place in the first annual *Deliver*® “Top Picks” contest.

In a recent issue, *Deliver* asked its readers to submit their best work to undergo the scrutiny of our discerning judges (see sidebar on p. 11). We pored through the entries and chose the cream of the crop. The prize was to have their campaigns featured in an upcoming issue of *Deliver*, and ... well ... this is that issue.

Partnering with Boise, Idaho, direct marketing agency Oliver Russell, Montage Graphics, a one-to-one marketing



THE WINNER

Each of the 14,000 mailers was unique — the recipient's name was spelled out in the frothy foam.

services firm in Fort Collins, Colo., produced a beautifully designed, highly personalized and incredibly successful campaign for a high-profile technology company's imaging and printing group.

The mailer, which achieved an impressive response rate, displayed an overflowing, frothy latte. But what made it stand out was that each of the 14,000 mailers was unique: The recipient's first name was spelled out, on the latte's foam, in chocolate sprinkles. Not only did people respond to the mailer, they loved it so much that they kept it and displayed it on their walls.

What Montage created was a state-of-the-art version of personalized marketing — a trend that's gaining ground quickly in direct marketing circles as businesses prove that personalization not only works, it's also getting more practical as advances in printing and database technology make it easier and cheaper to do.

The impetus for the campaign came from Montage's client's desire to get more information on the office-equipment-purchasing responsibilities of administrative assistants. To explore whether admins actually possess purchasing power for printers and supplies, the company wanted to get these employees to answer a brief survey. In the past, conventional DM campaigns had limited success in getting recipients to reply to a call for survey respondents, so the company knew it would have to try something unique to get the information it needed.

The solution: Make personalization work to its fullest. Using some savvy database programming and a printing technology by Montage Graphics called “PhotoText,” it's possible to personalize creative to a very high degree — for instance, spelling out a recipient's name in a photo of leaves on a lawn or cookies in a box. So when it came time to lead this campaign, Oliver Russell project manager Kristy Stanaway thought of Montage Graphics.

As an incentive, the client was willing to give away \$10 coffee cards to each survey respondent. Using the coffee card as their inspiration, the team — Stanaway and Montage Graphics owner Toby Gadd — dreamed up the idea of PhotoTexting the recipient's first name in a photo of a latte brimming with froth. “We went through a number of images trying to find the most scrumptious cup of coffee we could,” Stanaway says.

Montage Graphics handled production, using a database that defined several variable zones, including the PhotoText portion of the photo and the recipients' names and addresses. The client sent the mailer in a clear plastic envelope so recipients would see their names instantly. “Who wouldn't want to open that?” asks Stanaway.

FLYING FISH STUDIOS

Who indeed? A full 50 percent of the 14,000 administrative assistants went online to enter their personalized URL. Of those, 40 percent completed the survey. Personalizing the URL accomplished two goals: It added to the campaign's surprise element — “Wow, my name's part of the Web address” — and it made tracking specific responses extremely easy. Furthermore, says Gadd, with personalized marketing, “You can tell how much each lead costs.” By personalizing the survey landing pages, the client could learn exactly who has what buying power and determine as a result how much sales effort to put into that exact person — thus they can discover how much it costs to land a specific customer, rather than how much it costs on average to attract the attention of a particular customer segment.

Not only was the client happy with the results, but the campaign also won the Oliver Russell Big O award, the agency's internal award for the most creative project of 2006.

“This was such a smart use of technology and creativity that when I first saw the comp, I knew that this one was a winner,” says agency CEO Russ Stoddard. “In the direct marketing arena, where often you get a bad rap for not being able to be creative, this [campaign] turns that [stereotype] on its head. The history of direct marketing is littered with examples that prove the stereotype. But increasingly, marketing people are seeing that DM doesn't have to look like crap to get a response.”

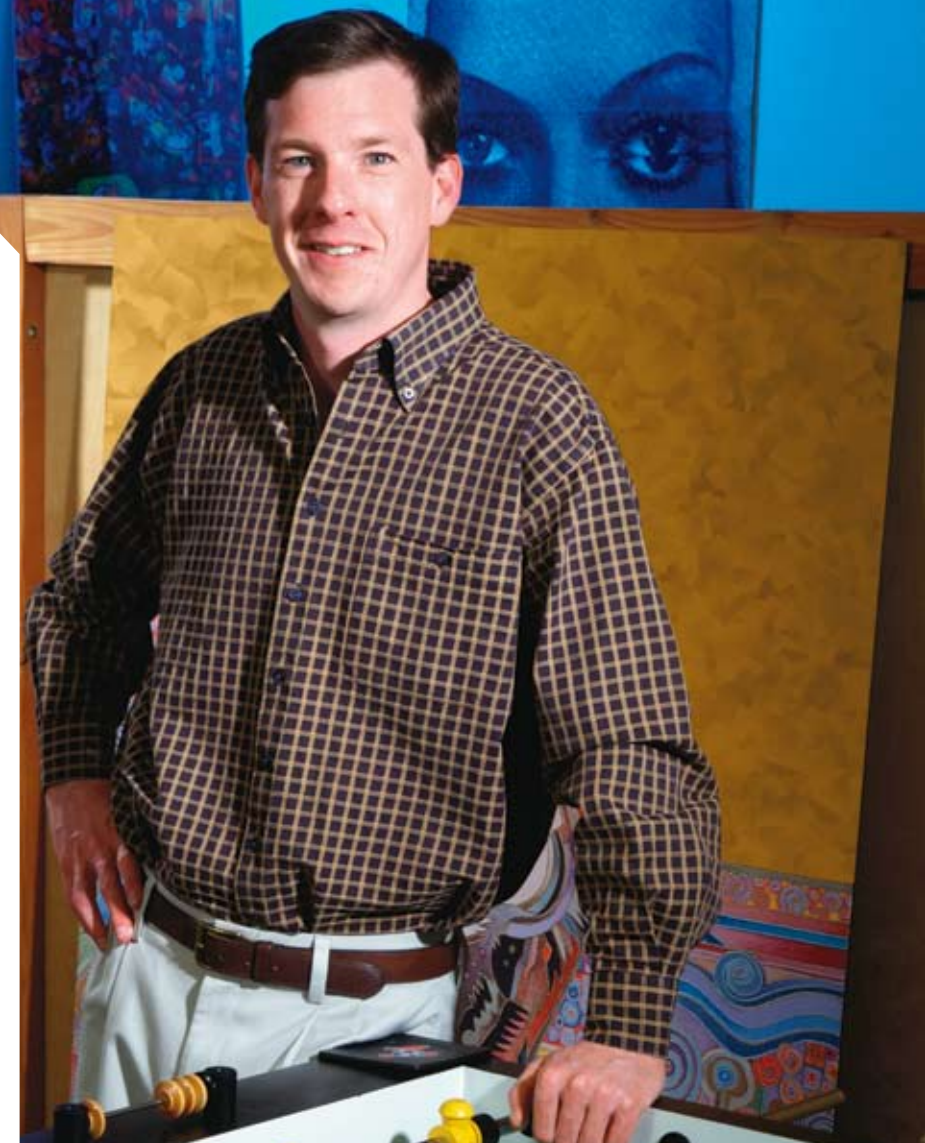
Top Picks judge Steve Hall lauded the campaign for its high response, clean design and creative use of personalization. “Any time you receive something in the mail and your name is integrated into the creative, you go, ‘Hmm, maybe this is special.’”

Oliver Russell and Montage Graphics followed that campaign up with numerous other personalized DM campaigns for the client, including one in which university names were spelled out on photos of students' t-shirts. “We've only begun to scratch the surface of one-to-one,” says Stoddard. “The future of DM is that you're speaking directly to a person and acknowledging who they are, and what their preferences are, using the data you've collected about that person.”

The rest of the best

The Montage campaign was only one of many innovative, smart and downright glossy entrants in our “Top Picks” contest. Winning prizes for first and second runner-up, respectively, were SwervePoint LLC, a three-year-old Middleton, Mass., communications-merchandise company, and Blue Ridge HealthCare, a North Carolina-based group of health

TIM O'HARA



THANKS A LATTE

Toby Gadd, owner of Montage Graphics, dreamed up the idea of putting the recipients' names in the frothy cup of latte for a direct mailing.

services organizations. SwervePoint won first runner-up for a series of three self-promotional pieces; Blue Ridge Health-Care won for a simple but highly effective membership-recruitment campaign for its fitness center.

SwervePoint's pieces, while unrelated to each other, sported fresh colors and a modern, clean design intended to attract its audience — young, style-conscious meeting and event planners. “We use a designer who understands our customers and the importance of our brand,” says SwervePoint principal Jamie Mair, who co-founded the company in 2004. “Dave Shannon designed the visual foundation of our brand from day one. He keeps building on it, keeping it relevant to our core audience.”

The combination of striking design and small incentives created a high response rate for all three of the pieces that Mair entered. For example, a \$2,000, 500-piece mailer inviting planners to visit SwervePoint's trade show booth

at a Boston convention netted the company 300 visitors to its booth. (For the other results, see sidebar “And the Top Picks winners are ...”)

Similarly, the striking design of Blue Ridge HealthCare’s “Christmas Card Campaign” won the attention of the Top Picks judges. Company designer Sam Murray created a turquoise card decorated with a simple line drawing of a snowman. Inside the Christmas cards were four gift cards for discounts on services or to waive enrollment fees at Phifer Wellness Center, the organization’s 26,000-square-foot fitness center in Morganton, N.C. Cleverly, the mailer includes envelopes so the recipient — typically already a fitness center member — can give the gift cards to friends as holiday gifts.

This was the fifth year for the successful campaign, which usually nets a 10-percent response rate. “Our goal is to turn our current members into our holiday sales force,” says Murray. “We have 1,500 members, and if each one brings someone else in, we’ve doubled our membership.” This year, the campaign brought in 130 new members, representing about \$74,000 in incremental revenue, which doesn’t include any additional services the new members may partake of after they join — getting a massage, hiring a personal trainer or visiting the pro shop. The campaign cost less than \$5,500, including design, production and mailing, an enviable ROI for the company indeed.

Personalization tomorrow

As direct mail becomes more and more personalized, it requires greater complexity to produce. At “Top Picks” winner Montage Graphics, Gadd handles that complexity by partnering with a wide range of specialists. Collaborating with other agencies and production companies, Gadd has produced campaigns that employ PhotoText, personalized e-mail, photo marketing (the use of the recipient’s photo in DM or e-mail), personalized URLs and landing pages, and personalized maps, often in combination with each other.

As only one example, Montage Graphics produced a particularly messy — and successful — campaign for Land Rover by working hand-in-hand with Brand Up LLC, a full-service marketing agency in Orange County, Calif. In turn, Brand Up hired a photo capture specialist called Picture Marketing in Novato, Calif. At “Muddy Buddy” events around the country — essentially, a running/bike/obstacle course competition — Land Rover invited the muddy participants to slather mud on a Land Rover and then pose for pictures in front of the vehicle.

Event workers gave the participants bar-coded cards that would give them access to their photo on the Web. But before they could view their pictures, they’d have to enter information about themselves, including selecting their perfect Land Rover. Montage Graphics then took that information and produced a direct mailer with — surprise — the photo on it, along with a personalized map of the closest Land Rover dealer. Even the vehicle shown on the mailer was personalized, based on the prospect’s choice of their perfect Land Rover.

Out of 1,600 pieces mailed, an estimated 55 recipients took test drives, and Land Rover sold four vehicles, Gadd says, calling it “a fabulous ROI.” Using these kinds of strategies, Montage Graphics has tripled in employees, tripled its revenues, and more than tripled profits since Gadd bought it in 2001.

Growth hasn’t been without its challenges. Among other issues, personalization often gets a bad rap. “Personalization has gotten so invasive,” Gadd says. “I hate mortgage

“If you ask me how old my son is, that’s none of your damn business. But if you ask me if I want a discount on kids’ ski gear, I’m all over it!” — **TOBY GADD**

mailers that say, ‘You’ve almost paid off your mortgage.’ It’s none of your business!” He prefers opt-in campaigns, and works with clients to ask questions that people want to answer. “If you ask me how old my son is, that’s none of your damn business. But if you ask me if I want a discount on kids’ ski gear, I’m all over it!”

In addition, personalized direct mail is far more expensive than conventional DM campaigns — up to four times as costly, Gadd estimates. It’s most effective for high value products — Land Rovers are perfect — or for products that have significant lifetime value. But Gadd predicts that personalization costs will drop dramatically in the next few years, as companies that produce the digital presses that make personalization possible introduce significantly faster, cheaper products.

And that’s only one reason why marketers are increasingly turning to personalization in the future. “We have the ability to do it, number one. Number two, on the Internet, we’ve seen that targetability and individuality of messages have been proven to increase response,” says AdRants publisher and Top Picks judge Steve Hall. “So we have to personalize,” he says. “How can we not?” **D**



SwervePoint LLC

SwervePoint’s campaign included a DM piece inviting meeting planners and other clients to visit its trade show booth.



Blue Ridge HealthCare

Its annual Christmas card campaign attracted new members to its fitness facility.

And the Top Picks winners are ...

GRAND PRIZE:

Montage Graphics,
Fort Collins, Colo.
(www.montagedigital.com):
“Personalized Coffee Cup”

Along with direct marketing agency Oliver Russell of Boise, Idaho, Montage Graphics created a highly personalized campaign for its client to get administrative assistants to fill out a survey.

Volume: 14,000 four-color 6" x 4.5" folded cards

Incentive: \$10 coffee cards

Cost: Design costs not divulged by Oliver Russell.

Production by Montage Graphics: \$19,600

Results: 50% click-through rate, 20% response rate

2. Thank-you mailer to original list
Volume: 500
Incentive: Small desk calendar
Cost: N/A

Results: Received orders for the desk calendar from a number of customers

3. Announcement of launch of “StyleShop” collection; purpose was to encourage recipients to sign up for an account

Volume: 700
Incentive: Mailing included an iSticky pad

Cost: \$3,500–\$5,000

Results: 400 recipients opened new accounts

“The colors were bold and the messaging was very straightforward ... and 400 responses out of 700 mailers sounds stellar.” — **Steve Hall, AdRants**

FIRST RUNNER-UP:

SwervePoint LLC,
Middleton, Mass.
(www.swervepoint.com):
“Fresh Selection Mailers”

This promotional products company produced three direct mail pieces inviting meeting planners and other clients to visit its trade show booth and sign up for new online service.

1. DM invitation to attend the trade show exhibit at the annual meeting and event planner conference in Boston

Volume: 500 four-color invites

Incentive: COACH product

Cost: About \$2,000

Results: 300 booth visits

SECOND RUNNER-UP:

Blue Ridge HealthCare,
Morganton, N.C.:
“Christmas Card Campaign”

Graphic designer Sam Murray produced an annual Christmas card campaign to attract new members to Blue Ridge’s 26,000-square-foot fitness facility, Phifer Wellness Center.

Volume: 1,500 cards

Incentive: Gift cards that offered discounts or waived the center’s enrollment fee

Cost: \$5,500, including in-house design time

Results: 130 new members, or \$74,000 of annual revenue

JUDGES **Steve Hall** Publisher AdRants, an advertising news Web site, Groton, Mass. | **Larry Kimmel** Chairman and CEO G2 Direct & Digital | **Patrick O’Connell** U.S. Postal Service®



GETTY/RETOUCHING BY LEE LAND STUDIOS

Keeping It Real

NEW MEDIA ARE FORCING MARKETERS TO BE MORE
AUTHENTIC WITH THEIR TARGET CUSTOMERS

By Linda Formichelli



Chris Anderson has witnessed the digital revolution firsthand. As editor-in-chief of *WIRED Magazine* and author of *The Long Tail: Why the Future of Business is Selling Less of More* (Hyperion, 2006), Anderson has a unique perspective on how the Internet revolution is

forcing marketers to rethink how they get their message out. Sure, the new media afford new opportunities, but they also create new challenges for marketers. The secret to success, says Anderson, is all about being genuine — and in figuring out how your customers are different, not alike.

There was an article in WIRED last year on “mega-niches” — the idea that, with so many people online, even a tiny slice of a niche interest represents millions of people. How can marketers effectively target those online niches?

The reality is that consumers have always been very diverse in their tastes, but the traditional forms of marketing couldn't accommodate that. We didn't have a way to get exactly the right product to exactly the right people. The items on the shelves of most mega-stores are predicated on the notion that one size fits all. But the Internet is all about “niche-ification.”

The key is to explore the differences among consumers rather than the commonalities. As for how to market to them, just look at Google's AdSense and AdWords programs: The entire success of those models is in their ability to specify niches. They have the ability to match a very specific ad to a very specific piece of content, so you have a higher probability of targeting the right consumer.

The big thing for marketers right now is how to take the powerful medium of video advertising and evolve that model so that it works in the very niche-centric medium of the Internet. Google's purchase of YouTube is a \$1.65 billion experiment in seeing whether that's possible. With text, it's easy

— you can make an infinite number of text ads because they're easy to create, and then there's an infinite number of pages on which to match them.

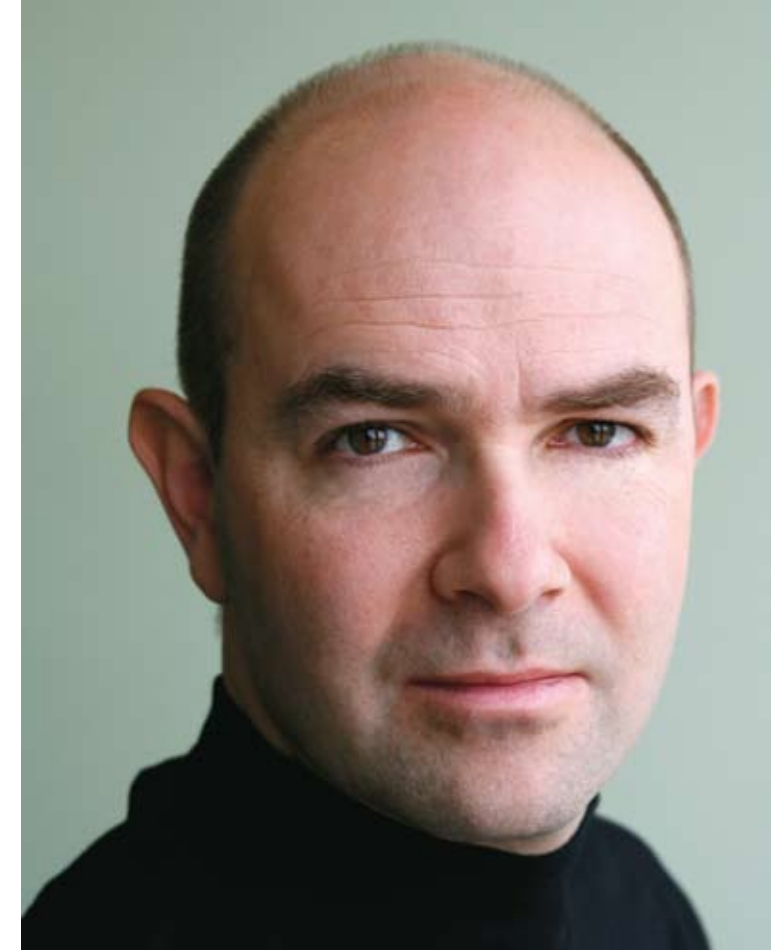
While you have the possibility of creating an infinite number of different targeted ads with text, it's not obvious how you can do this with video. But if you can, then that shifts the television advertising model to the Web-video advertising model.

Television advertising is pretty ridiculous, when you think about it: It interrupts the programming and irritates people, and it's only relevant to a tiny fraction of the audience. You're basically annoying a lot of people for very little benefit. And the networks charge more and more for it each year. The only reason it exists at all is that we don't have a better alternative. The question is whether the Google model can provide that alternative. If so, then it's measurable, it's targeted, it's effective — and we can wave goodbye to the television business model.

What about privacy? It seems the younger, wired generation isn't as concerned about privacy, but they're also more media savvy and cynical. What effect does that have on marketers?

It's very hard on marketers. The younger people don't want messages pushed at them, so it's hard to do traditional top-down marketing. Today, marketing is hugely influenced by word of mouth. If you look at the cool brands, they're the ones that become cool because they were seen as underground and authentic instead of the result of a big marketing campaign. The question is how can you, as a marketer, do less of pushing messages out and more of encouraging consumers to do the marketing for you? Fundamentally, the Internet is nothing more than a fantastic word-of-mouth amplifier.

A great example of one of those underground, authentic brands is Penny Arcade Expo. Started by two underground Web comic creators just a few years ago, Penny Arcade Expo has for many people become the “up-and-comer”



“THE QUESTION IS: HOW CAN YOU, AS A MARKETER, DO LESS OF PUSHING MESSAGES OUT AND MORE OF ENCOURAGING CONSUMERS TO DO THE MARKETING FOR YOU?” — CHRIS ANDERSON

exhibition in the gamer world. The fact that it is seen as being started by “one of us” — video game geeks who had proved their stuff with a subversive series of “fanboy” strips — is why it's now attracting more than 40,000 people to its annual conference.

The important thing in marketing, then, is to be genuine. What counts as genuine?

Genuine is an e-mail from a person rather than a company. If the lead singer of some band that I like sends out an e-mail to those of us who have registered our interest, that's authentic in a way that a record label sending out an e-mail wouldn't be. If the lead singer responds to his e-mail, that's even better. A MySpace page is more authentic than a billboard. A blog is more authentic than a press release. It's all about having a human voice and re-personalizing the connections.

The key is in catalyzing word of mouth. If consumers don't trust institutions and do trust individuals, if they don't want to be marketed at and do want to be influenced by their peers, how can marketers influence those influencers, those alpha peers? Some companies have done lots of experiments

in this. There are fake blogs and fake viral videos and fake buzz marketing. It sometimes works, but if you're busted, it turns into a PR nightmare.

Something I advocate is reaching out to your most passionate customers and inviting them into the process. In software, they're beta testers, but what would the equivalent be in sneakers? You could have your influentials come into your sneaker-development process and buy in and feel they're part of the product. You could run contests and let your influentials do the design, so when the products come out, they've already bought in. That's how word gets out. The Internet makes this fantastically easy. It's a great mechanism for consumer involvement.

How are marketers attracting these influentials?

They do everything you can imagine. E-mail is still very effective, and they're also doing it with conversation media, such as blogs. They're doing it with contests, and with viral videos that spread person to person. The old influentials were the press, and the new influentials are the alpha bloggers. This year at the International Consumer Electronics Show, Bill

Gates had lunch with bloggers. The bloggers got top priority because they're more trusted than the mainstream media.

E-mail is cheap, and it still works. It's just that we've gotten very good at filtering our inboxes, so marketers need to be careful. E-mail will be with us for

a long time, but we're in the dark ages in terms of figuring out how to do e-mail marketing well. It's still an incredibly powerful medium. In the hands of people who really do have a connection to their consumers, e-mail beats the Web every time.

A common e-mail marketing mistake is treating all customers alike. The one-size-fits-all model is guaranteed to annoy. You don't have to craft each e-mail to an individual, but your database is filled with all kinds of people, and you need to figure out what makes them different. It's classic market segmentation, but it's surprising how rarely marketers get it right.

How can marketers determine the best ways to market?

The lesson of the Internet is “Measure, don't guess.” The old model was that you sat in a room and brainstormed about what people wanted, but now you can experiment and actually find out what people want. It's the most measurable medium ever created. Throw a lot out there and experiment wildly: It's what we call “fail fast.” You'll quickly see what's not working and you can move on to focus on the things that are working. It's all about trying lots and lots of things, measuring their effectiveness, and building on what works. **D**

THE DIRECT CONNECTION

The age of digital messaging is changing the way marketers get their messages to their customers, and that includes direct marketers. Given *WIRED Magazine* editor

Chris Anderson's observations about the shifting marketing landscape, the messages for direct are clear:

KEEP IT REAL: Consumers increasingly want a genuine connection with their preferred brands, and open and honest communication in both directions. Direct marketers who are using disingenuous

promises to get recipients to open their mail should take particular note.

KEEP IT TARGETED: The days of blanket mailings are long gone. There's no excuse anymore not

to find targeted ways of reaching your end user. Data mining and digital variable print make it much easier for marketers to break their customer base into increasingly profitable niches.

KEEP IT VOLUNTARY: Technologies are allowing direct marketers to offer opt-in opportunities, and they would be wise to take advantage of them. Even when your campaign is firmly rooted in traditional media, drive recipients

to your Web site to allow them opportunities to engage more deeply with your brand, or to opt out entirely if they so choose.

KEEP IT VIRAL: Look for ways to get your customers to do your marketing for you. There's no reason to just sit back and pray word-of-mouth will kick in by itself. Include coupons in your mailings for customers to pass along to friends and colleagues. Offer them some kind of incentive for doing so.

Putting the Pieces Together

Jigsaw figured out the puzzle — multichannel marketing is where it's at

ONLINE BUSINESS MODELS MAY have taken a beating in recent years, but there's always room for a cool idea. And what could be more cool than community-generated content? One recent success story in this area comes from Jigsaw, an online service that allows salespeople to buy and trade business cards, giving each other the 411 on the right people to contact at corporations across the United States.

You'd expect such a 21st-century idea to have a 21st-century marketing plan. And, of course, it does. But for Jigsaw founder and CEO Jim Fowler, that means a healthy dose of direct mail.

In 2003, the former salesman dreamed up Jigsaw.com as the solution to every salesperson's biggest headache — trying to find the right person at the right company with the right contact information to make the big sale.

Today, the San Mateo, Calif., company's database includes 5.3 million company contacts, most with up-to-date, direct-dial phone numbers and e-mail addresses, contributed and kept current by users. So Jigsaw sells nothing that exists in the physical world.

But Fowler still uses terra firma means to attract new members to Jigsaw. In fact, in 2005, Jigsaw's marketing team performed

an experiment to determine what mix of multichannel marketing would do the best job attracting "members," as Jigsaw refers to its customers/contributors. The company, which previously had used online and telephone marketing, ventured into direct mail because, Fowler says, it had the data at its disposal.

The surprise? Direct mail, as part of a multichannel mix of e-mail and phone calls, generated a higher response and conversion rate than any medium alone. So much for logic.

The bulk of Jigsaw users are individuals who either pay \$25 monthly for a set number of contacts or who “play” by trading information in return for contacts. The larger the number of members, the bigger the database grows. Today, Jigsaw has 167,500 members. But to make its revenue model work, Jigsaw also depends on corporate accounts, which pay from \$5,000 to more than \$100,000, depending upon the number of employees the companies enroll.

When Fowler wanted to find out what mix of marketing strategies would work best, he targeted sales managers. Using samples of 500 targets each, he tried a mix of four tactics: sending a direct mail piece that included a personalized pen; sending an e-mail, followed by the direct mailer with

the pen, followed by a phone call from a salesperson; switching the order and starting with the direct mailer, then an e-mail, and then a phone call; and sending an e-mail only.

The goal was to get at least one salesperson from the targeted recipient's company to become a member. Each of these campaigns called upon the recipient to type in or click on a personalized URL. Though not dramatic, the results were significant enough to be educational:

E-mail only and direct mail only were the least effective, achieving 0.5 percent and 2 percent conversion rates, respectively.

The multichannel mix did much better: Direct mail followed by e-mail and phone achieved a 6 percent conversion, while the clear winner was e-mail, then direct mail and then phone, which achieved a 10 percent conversion. Using a military analogy (he's a former naval officer), Fowler calls this last approach "softening the beach." "We get them used to Jigsaw before we fire the big gun, which is the tchotchke — the expensive pen," he says.

Though Fowler was pleased with the conversion rate, Jigsaw hasn't repeated the "tchotchke campaign." At about \$5.22 each, the pens were too expensive to achieve an attractive ROI, he says.

JIGSAW'S "TCHOTCHKE" CAMPAIGN

Data Segments	Conversion Rate
E-mail only	0.5%
Direct mail (with pen) only	2.0%
Direct mail (with pen), then e-mail, then phone.....	6.0%
E-mail, then direct mail (with pen), then phone	10.0%

But Jigsaw has repeated the campaign using only a postcard for the direct mailer, achieving a better ROI.

The biggest lessons? Multi-channel campaigns were far more effective than “single shot” campaigns, be they e-mails or direct mailers alone. And order matters: The e-mail prepared the recipient for the direct mail piece, because when the standard mail arrived, the recipient has heard of the company. The phone calls always came last, again taking

advantage of the recognition the company had created.

Fowler acknowledges that the experiment was a small one. Now that he's raised a war chest of \$18 million in various rounds of Venture Capital financing, he's planning another, larger experiment, with more clearly defined targets for conversion. Rather than counting one new salesperson as a conversion, he will define a conversion as a new corporate membership.

Still, he says, he learned enough to prove his original thesis: “Multichannel marketing works,” he says. “We learned enough to say that we’re not going to do e-mail alone or phone alone; we’re going to do the two together. And we learned that the order in which you do multichannel marketing matters.” **D**



Personal Touch

Today's printing technology lets you communicate one-to-one with your entire customer base

SOMETIMES IT'S OK TO BE A LITTLE MORE PERSONAL.

Variable data printing has allowed printers to personalize documents on a one-on-one basis for more than a decade. But now, thanks to advances in data mining and collection, it's really taking off.

"The biggest advances have come in data-mining information and how you can look at shopping histories and demographics for particular areas," says Jeff Hayzlett, CMO of Kodak's Graphic Communications Group. Digital printers allow companies to use this data to tailor their pitches to the past behavior of customers. "Instead of 'Dear Jeff,' now you can say 'Dear Jeff, you bought X and now let's tell you about Y,'" he says.

It's no surprise that businesses want to make their communications with customers more intimate. "By personalizing their messages, businesses create better stickiness for their customers, which allows them to get a better rate of response and better ROI," says Hayzlett.

What's more, prospects actually like it when you get more personal. Frank Romano, co-author of *Personalized & Database Printing: The Complete Guide*, reports a 500-percent increase in response rates when marketing pitches are customized with information about recipients' buying habits, hobbies, pets, you name it. Even more impressive, personalization increases order size by 25 percent and repeat orders by a whopping 50 percent.

Hair salons in the Fantastic Sams chain, for instance, send out color postcards every six weeks using data captured at the point of sale to lure back previous customers. The cards are customized by salon, by gender and by individual guest activity.

According to Bart Foreman, president of Group 3 Marketing, which develops marketing campaigns for Fantastic Sams, one campaign that consisted of 1,135 pieces costs roughly \$500 and netted a 36-percent response, resulting in an advertising-to-sales ratio of more than \$14 for every dollar invested.

To take advantage of variable data printing, businesses need to bring together digital printing technology — whether their own or an outside printer's — and

customer data. The personalization is limited only by the amount of data you've collected and your ability to use that data in creative ways.

For example, Wolverine Shoes, which makes work boots and outdoor boots, sent out personalized postcards to 50,000 buyers of similar products. The cards featured a full-color, customized map showing where the recipient could purchase Wolverine brand products. "It's a great use of data merging in a printed piece to create action," says Hayzlett.

Trekk Cross-Media, which designed the Wolverine Shoes campaign, has done similar work for a boating company. To test campaign effectiveness, Trekk created two different versions for the boating company: one static with no personalization and the other with a customized map.

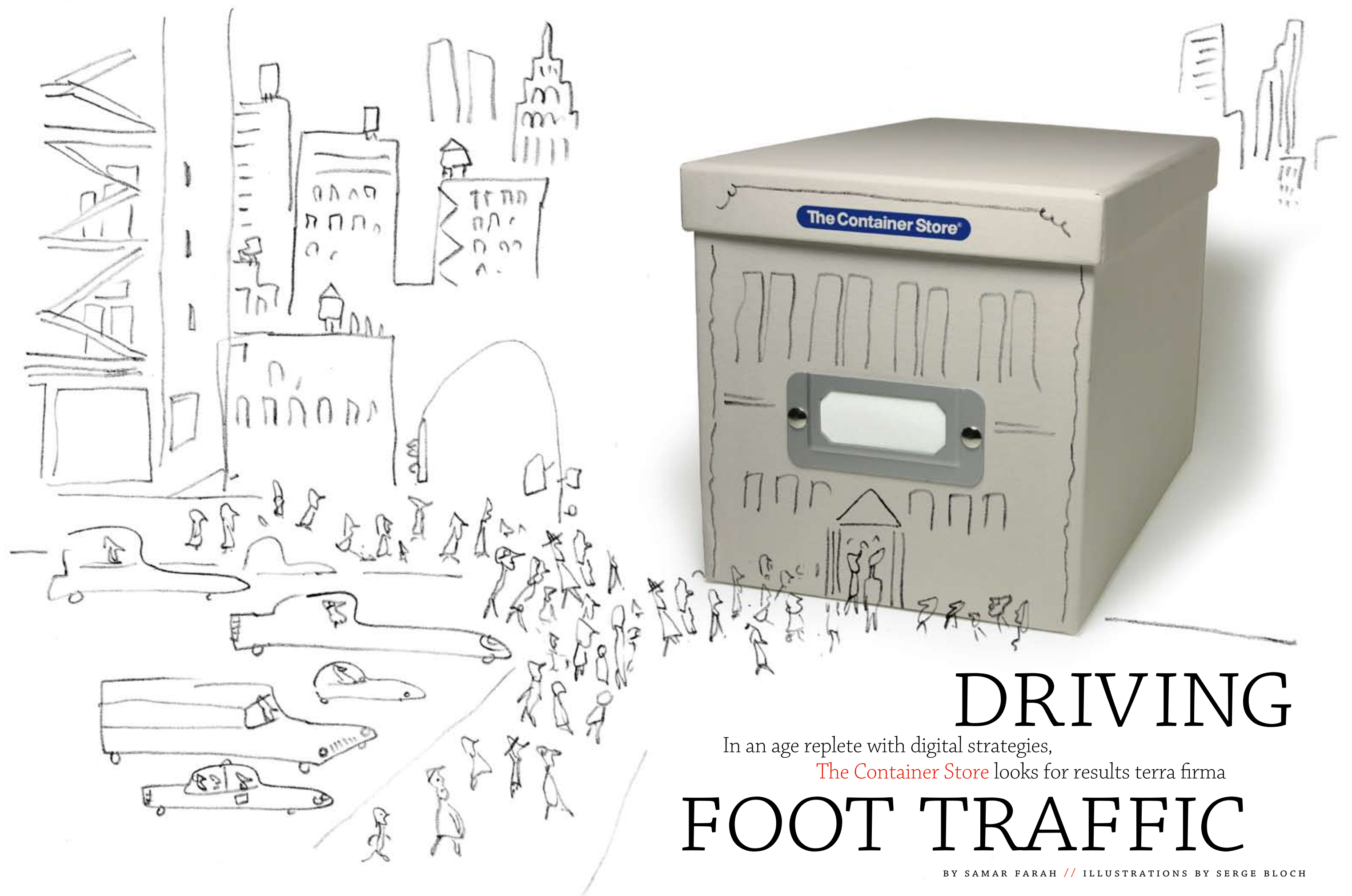
According to Adriana Burcheri, senior account executive with Trekk Cross-Media, consumers with the variable coupon spent twice as much as the consumers with the static coupon. Someone coming into the store with a variable map spent more than someone with a regular coupon.

Depending on how you divide your market, the returns can be enormous. Hayzlett mentions a campaign in which a European bank looked at credit card-holding customers who spent both 5,000 euros annually on jewelry and 5,000 euros monthly on anything.

"They placed an offer on these customers' bills for high-end watches and had a 65-percent response rate," says Hayzlett. "The marketing department is working with the billing department to get customers to utilize their credit cards more often. They've turned a business transaction — the sending of bills — into a promotional opportunity and potential profit center."

With the increased diversity of media outlets and the growth of anti-spam services and do-not-call lists, Hayzlett says it's no surprise that more than 50 percent of a marketer's budget goes to printing and print-related technology. "The growth of the Internet has actually increased the value of direct mail because mail can be personalized so much," he says. **D**





DRIVING

In an age replete with digital strategies,
The Container Store looks for results terra firma

FOOT TRAFFIC

BY SAMAR FARAH // ILLUSTRATIONS BY SERGE BLOCH



They sell

empty spice vials, wall-to-wall closet shelving and every imaginable household repository in between. Their image is trendy but affordable, contemporary but practical. And their Internet business is growing at a rate of 30 percent a year. Yet even with its inherent appeal among busy, stuff-addled hipsters, The Container Store has a very traditional marketing strategy.

It goes something like this: Do what it takes to get customers into the store, where they can interact with an expert staff.

That “what it takes” turns out to be a decidedly traditional mix of billboards, occasional newspaper advertising, a substantial dose of public relations and a heaping helping of direct mail. In fact, the vast majority of The Container Store’s advertising and marketing budget is devoted to direct mail. According to Audrey Robertson, director of public relations, The Container Store produces more than 50 distinct mail pieces a year.

At a time when many brands are focused — fixated, even — on enticing consumers to their Web sites, why would a successful national retailer turn itself into a micropublisher of catalogues and a champion of good old-fashioned face-to-face sales?

“At The Container Store, we sell the hard stuff, not the stuff that sells itself,” says Robertson. “It takes interaction with highly trained employees to come up with the right solution of organization for the customer.”

In fact, the array of goods and services that don’t “sell themselves” online is more vast and numbered than many marketers had prophesied in the heady first years of Internet sales. It’s a list that includes everyday goods like groceries and more high-end products such as automobiles.

Peter Fader, a marketing professor at the Wharton School of the University of Pennsylvania who studies consumer-shopping habits, says even the most pessimistic forecasts of online grocery shopping posited 10 years ago proved to be too optimistic. Fader says that, for certain products, consumers may be hardwired to see them, touch them and then contact a sales representative. Then again, it may be that a decade was not enough time to overhaul decades of consumer shopping habits. Web sites may need to see the passage of another generation before they emerge as dominant profit centers for certain consumer brands.

For now, though, many retailers have had to recalibrate their approach to Web sites and recommit themselves to brick-and-mortar sales. Web sites today are a “competitive necessity” for most retailers, according to Fader, but not the sales juggernauts that some envisioned a decade ago. “It’s like an awning over a store,” Fader says. “You need it, but how much does it really do?”

The Container Store, according to Robertson, has from its inception nearly 30 years ago focused on brick-and-mortar sales. “It’s that one-on-one experience in our store that really helps truly solve our customers’ challenges,” she says.

That’s not to say that the brand hasn’t promoted its online component or that its online component isn’t growing. Both are true. But the majority of customers seem to prefer to use the Web site more as a research tool.

For example, The Container Store’s site helps consumers devise an optimal layout for their closets step by step, then to complete the transaction, all online. However, many customers, according to Robertson, like to go through the online steps of devising a shelving scenario, then print out their research and haul themselves to a store, hard copies in hand.

That’s a predilection that suits The Container Store just fine. Even with efforts to make the

“At The Container Store, we sell the hard stuff, not the stuff that sells itself.

It takes interaction with highly trained employees to come up with the right solution of organization for the customer.” — AUDREY ROBERTSON

company’s Web site more interactive, Robertson believes online transactions currently remain less successful at up-selling to consumers. When consumers come to a retail location, “it gives us an opportunity to talk to customers about things like hangers and shoe racks, ask them if they’ve considered these things as well,” she explains.

Accordingly, the retailer uses appropriate call-to-action words in its billboard and newspaper advertising: “Shop with us today,” “Let one of our organization experts design your dream closet today,” “Visit us today.” All phrases designed to bring customers into the stores.

But the real driver of foot traffic is, and has been, the company’s direct mail — a mix of oversized postcards and 5x7 catalogues focused on particular product categories. The Container Store has been relying on direct mail for decades, but in the last four or five years, the direct marketing efforts have become much more targeted. The key, Robertson says, was better mining of its deep consumer database.

The Container Store collects most of its information about customers at the point of purchase by collecting phone numbers. The company’s employees are trained to ask customers for a phone number in appropriate ways and to respond to customer concerns (i.e., that the company will only use it for tracking purposes and not for telemarketing). As a result, Robertson says The Container Store boasts a relatively high phone-capture rate.

More recently, the company has improved its efforts to analyze the trove of information it has collected. Certain patterns have emerged. For example, if a customer has purchased Elfa, the company’s best-selling closet organization system, then she is also more likely to have purchased from certain other store departments, including hooks and travel gear. The company has also identified those one-time customers who have stepped in and stepped out with a single item — say, a juice pitcher from the kitchen section. Those consumers represent a huge opportunity for solutions-based selling.

Now, rather than sending a single catalogue en masse to its consumers, the company sends different catalogues and postcards to different customers based on their purchase histories. So, for instance, some consumers might receive a catalogue focused exclusively on products to help organize the garage. Another recent 5x7 catalogue targeted customers with an interest in crafts, promoting a selection of the company’s craft-related products from spools to glue guns. The words “Organize Your Creative Time” appeared on the cover.

Notably, The Container Store does not use direct mail to promote discounts or coupons, and only occasionally will a direct mailing be used to announce a sale. That’s in part because, with 85 percent of their products under \$19.99, according to Robertson, the retailer doesn’t need to engage in a lot of discounting. But Robertson also feels that with accurate targeting, a direct mail piece can be successful without offering additional incentives.

The Container Store tracks which customers receive what piece of direct mail, and therefore can track purchases back to a particular catalogue or postcard. But the marketing department is less interested in those results than it is in increasing the number of store visits. If it can increase foot traffic, the logic goes, then the company increases its opportunities to introduce consumers to the full range of Container Store products.

It’s an interesting way to look at the ROI of direct: tying success to a broader term like foot traffic, rather than to a specific SKU. But for The Container Store, that’s where the profits come from. “We don’t consider our mailings unsuccessful if that particular product doesn’t fly off the shelf,” says Robertson. “We want to get them into the store.” **D**



I WISH STACY
WAS HERE.

AIN'T NO PARTY
LIKE A
STACY PARTY!

CAUSE A
STACY PARTY
DON'T STOP!

OH, STACY!
THEY'RE
PLAYING OUR
SONG.

IF ONLY THIS
WERE STACY.

YOU'RE LIGHT
ON YOUR FEET,
STACY.

LOVE YOUR
DRESS, STACY.

THANKS,
STACY.

DO YOU KNOW STACY?

AN UNUSUALLY PERSONAL DIRECT MAIL
CAMPAIGN BUILDS A SPECIAL COMMUNITY —
AND BRAND AWARENESS

By Anne Stuart



If your name is Stacy, it's quite likely that you've had firsthand experience with this story. But even if you go by another moniker, there's a good chance that you've heard something about it.

That's testimony to the success of a unique direct marketing campaign sponsored by Stacy's Pita Chip Company, which, in late January, mailed "party packs" with sample bags of its all-natural snacks to 133,000 people nationwide. The common denominator: All recipients — both men and women — happen to share the first name of the company's co-founder and namesake, Stacy Madison.

The targeted mailing was the brainchild of Steve Sears, who joined the Stacy's team as vice president of marketing in January 2006. At that time, "Stacy's products weren't available everywhere; you still had to look for them," Sears recalls. "We wanted to take the brand national, but we didn't want to lose the sense of discovery that had been brought about largely by word of mouth."

"I THOUGHT, 'WE'RE A BRAND NAMED AFTER A REAL PERSON NAMED STACY; WHY NOT REACH OUT TO PEOPLE WITH THE SAME NAME?'" — STEVE SEARS

The question, then, became: How do you launch a national marketing campaign that generates lots of buzz — and yet retains the 10-year-old company's distinctly grassroots feel? Although Stacy's now sells more than \$50 million of its products annually, its packaging and culture reflect its beginnings as a sidewalk pushcart in downtown Boston. Ultimately, Sears didn't look far for the answer. "I thought, 'We're a brand named after a real person named Stacy; why not reach out to people with the same name?'"

Sears spent a year developing the "Calling All Stacys" initiative with an outside activation agency, TracyLocke of Wilton, Conn., and a direct marketing firm, Javelin Direct Inc. of Dallas. Javelin Direct ultimately located 133,000 names and addresses of Stacys nationwide. Says Sears: "That was absolutely the perfect size — big, but not a budget-buster."

For the actual mailing, the team developed a sturdy black cardboard carton with outside gold lettering reading: "To Stacy, From Stacy." Each box contained five product samples: a six-ounce bag of Stacy's Simply Naked (i.e., plain) Pita Chips, and smaller bags of Stacy's Cinnamon Sugar, Pesto & Sun-Dried Tomato, Parmesan Garlic & Herb

and Texarkana Hot flavors. Also inside: a brochure explaining the campaign, dip recipes, a \$1 coupon, a Stacy-themed bumper sticker (sample slogan: "I was a Stacy before it was cool") and a postcard allowing each recipient to request more free samples for a friend.

Finally, the party pack included a form letter asking deli managers to stock specific Stacy's products, which the company encouraged recipients to drop at their local grocery stores. Stacy's mailed the boxes to arrive just in time for seasonal football parties. "In essence, it's making our Stacys part of our sales force," Sears notes.

How did America's Stacys respond? Well, frankly, a few were alarmed: One small-town Stacy called 911 and asked the police to take away a "suspicious package." But after verifying the origin of the shipment, the officers in that Midwestern community polished off the snacks at the station. Several other recipients called the company, baffled about who'd sent the samples and wondering whether they had to pay for them.

But based on the hundreds of messages left on the company's Web-based "guest book," most were simply delighted. These sentiments were typical:

- "What a great surprise! I love Stacy's! You guys rock!"
- "I love your chips! They taste great and they have my name on them!"
- "Brilliant idea, but your product is what sold me. Consider me a customer for life!"
- "I am in advertising and have never seen, or been the recipient of, such a brilliant promotion! I have always loved my name and I love it even more today."
- "Can you mail me information on where I can purchase [your products] in my area?"
- "I work at [a grocery store] and I am going to talk to my deli manager and see if we can start carrying your products. From one Stacy to another, thank you."

A companion Web site, www.callingallstacys.com, allowed Stacys who missed the mailing and people with alternate spellings (Stacie, Stacey, etc.) to request free samples. Even non-Stacys could sign up there for future promotions.

In addition, the company ran print ads featuring a cartoon Stacy — who strongly resembles the company's founder — in several consumer newsstand publications.

Sears says it's too early to gauge the campaign's financial success, but notes that it generated plenty of publicity.

As for cost, he notes that some companies paid \$2.6 million for 30-second TV ads during a premier professional football event. "We spent far less than that and we got at least as much buzz," he says. "How many people are still talking about a beer ad 48 hours after it airs?" **D**



STACY CAN PARTY! Special party packs containing five product samples went out to Stacys all across the U.S.



WHAT'S IN A NAME?

During its research leading up to its targeted direct mail effort, Stacy's Pita Chip Company identified the following "Stacy hot zones" — that is, the cities with the highest per-capita concentrations of adults named Stacy:

- 1) Minneapolis/St. Paul
- 2) Oklahoma City
- 3) Columbus, Ohio
- 4) Indianapolis
- 5) Salt Lake City
- 6) Dallas/Fort Worth
- 7) Jacksonville, Fla.
- 8) Denver
- 9) Birmingham, Ala.
- 10) Nashville, Tenn.

According to U.S. Social Security Administration data, "Stacy" ranked 647th on the list of 1,000 most popular birth names for girls in 2005 (the most recent year for which information is available). The name peaked in popularity in the early '70s, coming in at #32 in both 1971 and 1973. "Stacy" last made the list of the 1,000 most popular boys' names in 1993 at #956. The male version peaked in popularity in 1968 at #157.

Driving Sales Online

As the Internet supplants television in the minds of consumers, Nissan is shifting away from ads in traditional media

NISSAN IS TAKING THE PHRASE “driving online traffic” quite literally.

In October 2006, Nissan opened a “dealership” in Second Life, an online virtual world, at which “residents” can acquire a free digital Sentra. Residents receive a token from a character named Toast Delicious, then purchase a Sentra from an enormous vending machine. Within a month, more than 2,500 Sentras were driving around Second Life.

The online models match the real-world Sentra in terms of colors, and the interior design is identical to what you’d see from the driver’s seat — except for minor modifications, such as an anti-gravity button. Nissan Island, located near the dealership, includes a test track with a 360° loop, and the anti-gravity button helps drivers defy physics and make it through the loop.

For most auto manufacturers, advertising lately has been stuck in reverse. According to TNS Media Intelligence, although total overall advertising expenditures increased by 4.1 percent in 2006, non-domestic automobile advertising declined 1.2 percent, and domestic automobile advertising was down 11.7 percent.

Like many of its automaking competitors, Nissan has recently been shifting its ad spending away from such advertising stalwarts as broadcast television and toward newer digital media. Why? Because that’s where consumers are increasingly spending more of their time.

“There’s a fundamental shift in the way people are consuming media,” says Robert Brown, senior marketing manager for interactive at Nissan North America. “They’re more and more online and doing things away from what we refer to as traditional media. They want to be in control of their access to anything that interests them.”

So, says Brown, Nissan is making a major shift toward new media. “We’re not abandoning traditional media — when you’re driving, you can’t have an interactive experience, so radio isn’t going away any time soon — but we’re reappportioning resources to match market reality.”

For Nissan, non-traditional advertising opportunities include everything from console games, wireless phones and make-believe online worlds such as Second Life to ye olde Web portals. “We’re certainly taking advantage of the ‘old guard’ of the Internet, which are still relevant and see a lot of traffic,” says Brown.

Nissan is also venturing into product placement in video games. May 2007 will see the release of Forza Motorsport 2, a racing game for the Xbox 360 that’s sponsored by Nissan. “You can download Nissan models into the game, and for a specific segment of our audience, this will greatly appeal to them,” says Brown. Once the game is released, Nissan will sponsor online tournaments through Xbox Live, an online service with more than 2 million subscribers that lets gamers worldwide play against one another.

Mobile phone advertising is another new area that Nissan is exploring, and Brown says that these ads can either stand on their own or support some main event, such as a concert performance.

“Anything that has a feedback loop is getting our attention,” says Brown. “Everyone is concerned about the bottom line, so the feedback from digital platforms is a big advantage. With traditional media, you know how many people saw your ad and, based on experience and tests, how many of them are likely to do something we consider important, such as visiting a dealer. [But] online, we can map the direct cause and effect in real time.”

All of Nissan’s online and alternative promotions are supported by e-mail campaigns, according to Gerard Killeen, senior manager for interactive marketing, but the company also uses direct mail campaigns on a case-by-case basis to support these promotions.

“During new product launch campaigns, all of our direct mail is closely integrated with the release of information on the Web site as the launch date gets nearer,” Killeen says. “All our mailings are designed to drive traffic to our Web sites.”

Using various online tools, Nissan can tell how many people look at banners, videos and other ads, and what percentage of those viewers click on the ads, visit the Nissan Web site, and request more information. “We have a tight mouse-trap in terms of evaluating the efficacy of our efforts online,” says Brown. Knowing exactly what works means that Nissan can lower its advertising costs, yet still market its products efficiently. “We have a finite amount of resources, and these online tools let us focus our efforts and show us how to move our chess pieces around.”

Says Brown, “Marketing didn’t change a lot for 50 years after the debut of television, but it has in the past 10 years, and we have to figure out how to do everything all over again.” **D**



MARGO GEORGIADIS, CMO
DISCOVER FINANCIAL SERVICES

Loyalty Is Rewarding

TODAY'S CONSUMERS ARE BOMBARDED with an ever-evolving set of credit card products and promotions, so it's a constant challenge to ensure that Discover Card's message cuts through the clutter. We've found that the best way to stand out from the crowd is by providing relevant, straightforward value and superior service consumers can count on.

It's our heritage. We were founded on this premise 20 years ago as the first company to offer no annual fee, cash rewards and 24/7 customer service — and we've maintained our focus.

We are committed to building deep relationships from beginning to end, which has helped us win the Brand Keys Award for Customer Loyalty nine years in a row. We provide a simple and continuously enhanced set of products that center on what consumers want most — cash rewards.

Our products offer meaningful options for each consumer to accelerate their cash earnings, based on how they prefer to use credit, including just for paying on time each month. We feel it is equally important to provide consistently superior service and account control features across channels (mail, phone, Internet) that empower our customers to stay on top of their account anytime, anywhere.

Together our commitments make the relationship more personally rewarding. Discover Card sends more than a billion pieces of mail and supports nearly 500 million one-to-one conversations each year. These contacts are designed to help customers get the most from their card. We encourage our cardmembers to customize their accounts by selecting a payment due date or choosing a personal card design or even setting up e-mail reminders to avoid fees and stay on budget. We pay attention to where each customer prefers to shop and suggest ways they can maximize their cash rewards when purchasing from favorite stores or categories. If a cardholder moves, we'll send timely offers from top merchants to help them save money. If they call us, our representatives are reachable in less than 60 seconds, recognize them by name, thank them for their loyalty, and strive to take care of an issue in one call.

Our customers have more and more choices, so they need to know that they can count on us to stay a step ahead in providing the best value and service in the market. Focusing all we do around this belief is simply the most rewarding way to do business for our customers and our company. 